

June 11, 2021

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**(Correction) Amendment to Announce Concerning Fraudulent Act by Former Employees
and Return of Directors' Compensation**

Since there were some corrections to be made to the "Announcement Concerning Fraudulent by Former Employees and Disciplinary Actions" released on June 10, 2021, it has been partially corrected as follows.

1. Reason for correction

We have decided to correct the part about the return of compensation requested by the Directors, because the description of the "disciplinary actions taken against out managements" is not true.

2. Corrected part

The corrected part is underlined.

I (Title)

【Incorrect】 Announcement Concerning Fraudulent Act by Former Employees and Disciplinary Actions
【Correct】 Amendment to Announce Concerning Fraudulent Act by Former Employees and Return of Directors' Compensation

II (2nd paragraph on 1st page)

【Incorrect】

We took it seriously that these inappropriate conducts occurred while we had always endeavored to ensure strict compliance with laws and regulations, and established a special committee (the "Special Committee") chaired by an independent outside director of Hakuholdo DY Holdings Inc.(hereinafter, "the Company") and consisting of outside experts, as announced on February 10, 2021. The Special Committee had been working to understand the actual situation in detail and to consider effective measures to prevent recurrence and strengthen the governance of our group. After its investigation and considering the incident, we received the investigation report from the Special Committee. We would like to announce the recommendations pointed out in the investigation report on how to prevent the recurrence of the incident, as well as the disciplinary actions taken against our managements.

【Correct】

We took it seriously that these inappropriate conducts occurred while we had always endeavored to ensure strict compliance with laws and regulations, and established a special committee (the “Special Committee”) chaired by an independent outside director of Hakuholdo DY Holdings Inc.(hereinafter, “the Company”) and consisting of outside experts, as announced on February 10, 2021. The Special Committee had been working to understand the actual situation in detail and to consider effective measures to prevent recurrence and strengthen the governance of our group. After its investigation and considering the incident, we received the investigation report from the Special Committee. We would like to announce the recommendations pointed out in the investigation report on how to prevent the recurrence of the incident, as well as the following directors have offered to return their compensation.

III (3. Disciplinary Actions to the directors)

【Incorrect】

3. Disciplinary Actions to the directors

The Company has decided to take disciplinary action against the following officers by returning their compensation (20% reduction of monthly compensation for three months).

Hirokazu Toda	(Representative Director and Chairman, Hakuholdo DY Holdings Inc.)
Masayuki Mizushima	(Representative Director and President, Hakuholdo DY Holdings Inc.)
Hirotake Yajima	(Representative Director and President, Hakuholdo DY Media Partners Inc.)
Hisao Oomori	(Director and Executive Advisor, Hakuholdo DY Media Partners Inc.)
Naohiko Kishi	(Representative Director and President, Hakuholdo Product’s Inc.)

【Correct】

3. Return directors’ compensation

We would like to announce that the following directors have offered to return their compensation (20% reduction of monthly compensation for three months).

Hirokazu Toda	(Representative Director and Chairman, Hakuholdo DY Holdings Inc.)
Masayuki Mizushima	(Representative Director and President, Hakuholdo DY Holdings Inc.)
Hirotake Yajima	(Representative Director and President, Hakuholdo DY Media Partners Inc.)
Hisao Oomori	(Director and Executive Advisor, Hakuholdo DY Media Partners Inc.)
Naohiko Kishi	(Representative Director and President, Hakuholdo Product’s Inc.)

(Reference) After Correction Ver.

June 10, 2021

Hakuhodo DY Holdings Inc.

**Amendment to Announce Concerning Fraudulent Act by Former Employees
and Return of Directors' Compensation**

Hakuhodo DY Group (hereinafter, “we” or “the Group”) announced on November 16, 2020 that a former employee of Hakuhodo DY Media Partners Inc. was arrested on charges of fraud and announced on February 6, 2021 that we had recorded a loss due to inappropriate conduct by a former employee of Hakuhodo Product’s Inc.

We took it seriously that these inappropriate conducts occurred while we had always endeavored to ensure strict compliance with laws and regulations, and established a special committee (the “Special Committee”) chaired by an independent outside director of Hakuhodo DY Holdings Inc.(hereinafter, “the Company”) and consisting of outside experts, as announced on February 10, 2021. The Special Committee had been working to understand the actual situation in detail and to consider effective measures to prevent recurrence and strengthen the governance of our group. After its investigation and considering the incident, we received the investigation report from the Special Committee. We would like to announce the recommendations pointed out in the investigation report on how to prevent the recurrence of the incident, as well as the following directors have offered to return their compensation.

1. Outline of the Special Committee

The Special Committee is composed of the following members. Since established on January 21, 2021 the Committee has closely examined related materials and interviewed related parties, focusing on the above two cases. Today, the Special Committee reported to Board of Directors of the Company the facts and proposed measures to prevent reutterance of like these cases.

Committee Chairman: Noboru Matsuda

(Outside Director at Hakuhodo DY Holdings Inc. and former Director of Criminal Division in Supreme Public Prosecutors Office)

Committee Member: Tadashi Kakiuchi

(Attorney at Law and former Chief Judge of the Tokyo District Court)

Committee Member: Koji Fujita

(Attorney at Law)

2. Recommendations by the Special Committee

① Factors in both cases

Although both cases have no accomplices within the company and are individual crimes that are not organization-wide fraud, the case announced in November 2020 was an attempt to obtain funds through the company's normal business operations, and the case announced in February 2021 was an act of fraud or breach of trust disguised as the company's normal business operations. It has been pointed out that the management systems and work flow of each company's normal operations and the lack of compliance awareness of the parties involved were factors that enabled or induced the fraudulent acts or delayed their discovery.

② Recommendations to prevent recurrence

The main recommendations from the special committee are as follows.

- To review in response to changes in the situation, and constant efforts that should be made for improvement. The revision of the work flow, which is a measure to prevent recurrence, is appropriate and effective and should be continued,
- To strength the management system, including internal audits and cooperation with external parties involved, and conduct specific studies and appropriate changes in conjunction with the work flow.
- To further focus on the enhancement and reinforcement of compliance as a group-wide issue by working to change the awareness of employees.

3. Return directors' compensation

We would like to announce that the following directors have offered to return their compensation (20% reduction of monthly compensation for three months).

Hirokazu Toda	(Representative Director and Chairman, Hakuholdo DY Holdings Inc.)
Masayuki Mizushima	(Representative Director and President, Hakuholdo DY Holdings Inc.)
Hirotake Yajima	(Representative Director and President, Hakuholdo DY Media Partners Inc.)
Hisao Oomori	(Director and Executive Advisor, Hakuholdo DY Media Partners Inc.)
Naohiko Kishi	(Representative Director and President, Hakuholdo Product's Inc.)

We will continue with the revised work flow to prevent recurrence. In addition, in response to the recommendations of the Special Committee, we will work to prevent such incidents from occurring in the future by taking further steps to raise employee awareness and strengthen the management system.

We once again would like to sincerely apologize for the significant trouble and concern that this incident has caused our shareholders and other relevant parties.

【Inquires】

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